ASSOCHAMsuggestions for disposal for applications for industrial licences

*324. SHRI KAMAL MORARKA: Will the Minister of INDUSTRY be pleased to refer to the answer to Unstarred Question 1296 given in the Rajya Sabha on the 21st November, 1988 and state:

(a) whether the major findings and suggestions based on a survey conducted by Associated Chambers of Commerce and Industry with respect to the inordinate delays in disposal of applications for industrial licences have been submitted to Government; and

(b) if so, what are the details thereof and Government's reaction thereto?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL DEVELOPMENT IN THE MINISTRY OF INDUSTRY (SHRI M. ARUNACHALAM): (a) and (b) A statement is laid on the Table of the House.

Statement

(a) and (b) Government have received a Memorandum from ASSOCHAM on "Delays in Industrial Licensing" based on a survey conducted by it.

The major suggestions contained in the Memorandum relate to procedural changes in industrial licensing, foreign collaboration and import of capital goods approvals, definitional changes under the MRTP Act, locational guidelines and investment subsidy for backward areas, expansion of capacity by existing units, and scheme of financing under the MRTP Act.

Government have initiated a number of measures to reduce unnecessary regulatory controls and to streamline industrial approval procedures. Among the important measures taken by the Government are the following:—

1. De-licensing of industries upto an investment limit of Rs. 50 crores for non-MRTP/non-FERA companies.
2. De-licensing of specific industries for both non-MRTP/non-FERA and MRTP/FERA companies.
3. Broad-banding of industries.
4. Automatic approval of minimum economic scales of capacity.
5. Maximisation of production with existing manufacturing facilities and automatic endorsement of maximum capacity so achieved.
6. Re-endorsement of capacity based on 80 per cent capacity utilisation in the past.
7. Re-endorsement of capacity based on modernisation and technology upgradation.
8. Liberalisation of Technical Development Fund Scheme (TDF).
9. Introduction of Technology Upgradation Scheme (TUS).
10. Exemption of industries under Section 22(a) of the MRTP Act.
11. Procedural simplification of industrial approvals including increasing initial validity period of LOIs upto 3 years.
12. Procedural simplification of foreign collaboration and capital goods approval procedures.

Such liberalisation of industrial licensing policy and procedures is a continuous process for upgrading the efficiency and competitiveness of our industry. Necessary changes are introduced according to the emerging needs and circumstances.

SHRI KAMAL MORARKA: Sir, as usual, from the Ministry of Industry, we can never get the answer to the question that we have asked. (*Interruption*)

SHRIMATI RENUKA CHOWDHURY: He is under the protection of Prevention of Cruelty to Ministers

that he does not have to answer! (*Interruptions*).

SHRI SITA RAM KESRI: Are you passing some commentary, Madam? (*Interruption*)

SHRI KAMAL MORARKA: Sir, my question relates to delays in licensing. The answer they have given is about what policy changes they have made to eliminate licensing. That we know. All these policy changes have been placed on the Table of the House. The question is, whatever is left of licensing, whatever area in which licensing still exists, why there is so much delay in the processing of those applications. Even the Ministry of Industry has laid down its own time period of 90 days in which clearances should be given. That is not being adhered to. Now, here is the Chamber of Commerce which has gone through the process of a big survey and a questionnaire and all that and they have done a work which the Government should be doing. They have given a list of things showing how it can be speeded up. I want to know what the Government has done about it. Now, what you are telling me is that the Government has liberalised this, delicensed that, exempted this etc. That we know. But I want to know whatever is left of licensing, is there still delay? Have any steps been taken to eliminate the delay? Have the suggestions of the Associated Chambers of Commerce been found to be good, foolish or nonsensical? If he answers that question, then I can put my further question.

SHRI ATAL BIHARI VAJPAYEE: If there are no licences, there will be no delay.

THE MINISTER OF INDUSTRY (SHRI J. VENGAL RAO): Sir, we received the memorandum from the Associated Chambers of Commerce only five days back, after the receipt of this question, because... (*Interruptions*).

SHRI KAMAL MORARKA: Sir, before the Minister commits a breach of privilege, may I correct him? He is committing a breach of privilege by giving a wrong answer. I wish to stop it here. (*Interruptions*). He has already answered a question on this. (*Interruptions*).

SHRI J. VENGAL RAO: After the receipt of the question we phoned up those people and collected the information. (*Interruptions*)

SHRI KAMAL MORARKA: Please read my question. It is this: "Will the Minister of Industry be pleased to refer to the answer to Unstarred Question 1296 given in the Rajya Sabha on the 21st November 1988...." He says now he has received it five days back. (*Interruptions*).

SHRI DIPEN GHOSH: He has already replied to a question on this. (*Interruptions*).

SHRI J. VENGAL RAO: Sir, Mr. Morarka may not be happy. But the Chambers of Commerce and the FICCI people are very happy with the Industries Ministry. (*Interruptions*).

SHRI KAMAL MORARKA: That is my complaint exactly.

SHRI DIPEN GHOSH: The more the Minister speaks, the greater is the trouble he is in. (*Interruptions*).

SHRI J. VENGAL RAO: We liberalised and decentralised more than their expectations. You ask Mr. K. K. Birla. He is an hon. Member here. (*Interruptions*).

SHRI KAMAL MORARKA: The cat is out of the bag. This is exactly what I fear. The Government has sold itself to the FICCI and the ASSOCHAM. The Minister is proudly claiming, "You ask Mr. K. K. Birla. He is happy." (*Interruptions*). Let us be very clear. (*Interruptions*). The industrial policy has to be geared to the benefit of thousands of entrepreneurs. The precise answer he has

given is, MRTP and FERA have been exempted from a lot of things and so they are happy. That is not my question. I know this. The small and medium entrepreneurs have still to run for licences. There is delay. They do not have liaison people in Delhi to help their licensing. (*Interruptions*). Can I ask my supplementary? I think I cannot get an answer to my original question.

MR. CHAIRMAN: You put your supplementary.

SHRI KAMAL MORARKA: My supplementary is, the Government has a policy for endorsing the licence upwards according to the capacity actually achieved in the last three or five years. Now for DGTD units which are smaller than the licensed units, the same policy is not there. I want to know what the rationale is and whether the Government will consider that in the case of medium units which are in DGTD category and which are not licensed units, the DGTD registration should also be endorsed up to 100 per cent of the capacity achieved in the last five years as is done for licensed units. Is there any problem in doing it?

SHRI J. VENGAL RAO: I entirely agree with the honourable Minister.. (*Interruptions*)

MR. CHAIRMAN: He is flattering the Member!

SHRI J. VENGAL RAO: Sir,, the re-endorsement of excess capacity they manufacture till the end of the Seventh Plan will be (*Interruptions*) by 31st March, 1990.

SHRI KAMAL MORARKA: Is this for DGTD units also? There are cases of DGTD entrepreneurs which have come to me—the Ministry has written to them that this policy is applicable to units holding industrial licences, not DGTD registration.

SHRI J. VENGAL RAO: If you kindly write to me, I will inform you. (*Interruptions*)

SHRIMATI JAYANTHI NATARAJAN: Sir, I want to ask whether the Government proposes to conduct any review, in depth review of industrial location policy because recently they have announced that delicensing of industries which have fixed assets of about Rs. 5 crores, provided that they are within city limits and provided that they are situated in industrial growth centres in cities, provided they employ at least two thirds of women and handicapped persons—all these various factors do not seem to be harmonious with each other, and the most important condition...

MR. CHAIRMAN: You don't want women to be employed? (*Interruptions*)

SHRIMATI JAYANTHI NATARAJAN: I just wanted to raise a question about women and the members of the Opposition refuse to let me raise it...

MR. CHAIRMAN: You put them together, on par with women (*Interruptions*)

SHRIMATI JAYANTHI NATARAJAN: I wanted to raise a question about security of women, and all my colleagues in the Opposition... (*Interruptions*) All my colleagues in the Opposition were refusing to talk about security of women in this House...

SOME HON. MEMBERS: Shame, shame... (*Interruptions*)

SHRIMATI RENUKA CHOWDHURY: How can she say all? (*Interruptions*)

SHRIMATI JAYANTHI NATARAJAN: If you keep quiet, I will ask my question. (*Interruptions*) You have only a pavlovian reaction. (*Interruptions*)

MR. CHAIRMAN: Don't start a women's fight here! (*Interruptions*)

SHRIMATI JAYANTHI NATARAJAN: I was asking about industrial licensing. The most important aspect I wanted to know: two-thirds of the workforce, handicapped people, women, and the most important part about the environmental component. They say that it should be a non-polluting industry. But in the industrial policy as it exists now, there is no provision for cancelling the licence of an industry if it violates established environmental norms. I want to know whether they will conduct an in-depth review with regard to the environment. And can the industrial location policy be amended so that there is a provision to cancel if they violate the norms of environment as it happened in Bhopal?

SHRI J. VENGAL RAO: Recently we announced this policy. If any industry violates this policy, it is within the power of the State Government to cancel the licence.

SHRI A. G. KULKARNI: Nobody is interested in the conflict which my friend has brought. Actually we are interested in the industrial development of the country. He has suggested certain measures in his reply. These measures are aimed at liberalising the industrial procedures. But, Mr. Minister, the actual casualty is the small scale and the medium scale industries which are nobody's baby. Actually they are orphans. These small scale and medium scale industries are at the receiving end even after liberalising the industrial policy. Birlas and Morarkas can get through because they have the system of going through the Liaison Officers. We have no Liaison Officer except yourself. You are our Liaison Officer. So, you must know your responsibility. The medium scale and small scale industries are at the receiving end. These medium scale and small scale industries are at the recebone of this country for the purpose of employment I want to know whether these small scale and medium scale industries will receive encouragement from the Government.

Secondly, he has come out with various measures. But there is the human factor in all these measures. We cannot grease the palms of the officers. We are very small people. You are the representatives of the small scale and medium scale industries. What steps will you take to protect these industries?

SHRI J. VENGAL RAO: As a Liaison Officer of Mr. Kulkarni..

SHRI A. G. KULKARNI: I have been nobody's Liaison Officer in my life.

SHRI J. VENGAL RAO: Sir, on 30th June there was a notification about the non-MRTP and non-FERA companies. So, the medium scale and small scale industries can establish industries upto 50 crores of rupees without any licence. This is only for small scale and medium scale industries. We are taking particular care about the small scale and medium scale industries.

SHRI A. G. KULKARNI: What about the human factor? That is the tragedy of the industrial licensing. How are you going to do away with the human factor?

terruptions)

SHRI N. K. P. SALVE: The question is irrelevant. It proceeds on the assumption that someone can take care of the bureaucracy.

SHRI J. VENGAL RAO: The applications for industrial licences for non-MRTP and non-FERA companies must be disposed of within 60 days. Applications for industrial licences for companies under MRTP and FERA must be disposed of within 90 days. Composite application for industrial licences and applications for collaboration must be disposed of within 90 days. We are implementing it. I can show the figures for the last two years.

SHRI SUBRAMANIAN SWAMY: Sir, the Minister made a very important statement saying that the extent of liberalisation and delicensing has proceeded at a pace at which the Chambers of Commerce are very happy. So, I would like to know from the hon. Minister whether they have set a target date by which they will abolish the remaining licences also which are there in our economy.

SHRI J. VENGAL RAO: It is a continuing process. Whenever we need, we will certainly remove the constraints of the licences. It is a continuous process.

MR. CHAIRMAN: Next question.

Orders with BHEL for power equipments

*343. SHRI SHEO KUMAR MISHRA:

SHRI KRISHNA KUMAR BIRLA:†

Will the Minister of INDUSTRY be pleased to refer to the answer to Unstarred Question 3344 given in the Rajya Sabha on the 22nd August, 1988 and state:

(a) whether it is a fact that BHEL continues facing serious crisis for want of orders for power equipments and the situation is likely to be more grim during the Eighth Five Year Plan Period;

(b) if so, what are the details of the orders for the supply of power equipments in hand at the end of 1988 and the period by which these are likely to be completed;

(c) what are the major causes for the present situation and what is the estimated loss suffered by BHEL annually as a consequence thereof; and

(d) the manner in which Government propose to meet the situation?

THE MINISTER OF INDUSTRY (SHRI J. VENGAL RAO): (a) to (d) A statement is laid on the Table of the House.

Statement

(a) The capacity utilisation of BHEL for the manufacture of power generation equipment is fairly satisfactory during the current years. The capacity utilisation will continue to be satisfactory if there is adequate inflow of order for the 8th Plan projects.

(b) At the end of 1988, BHEL had received orders for power generation equipment totalling to approximately 12,000 MW. A major portion of this will be executed during 1988-89 and 1989-90.

(c) The company has not suffered any losses on account of inadequate capacity utilisation.

(d) The capacity utilisation of BHEL for the 8th Plan projects is under constant review by the Government in order to ensure that the manufacturing facilities available with the company are adequately utilised.

SHRI KRISHNA KUMAR BIRLA: Sir, BHEL's total capacity utilisation for the 8th Plan is 38,000 MW power equipment. If the BHEL's capacity to manufacture power equipment is 9,000 MW as at present, it will need orders for 45,000 MW for the five-year 8th Plan. Thus, BHEL is going to be short of orders to the extent of 7,000 MW. If the BHEL has to keep the pace as per its capacity, it will have to endeavour to establish an export market. Russia is developing as a big market for India. There are many possibilities of increasing trade between Russia and India. I hope the Government are exploring the possibilities of exporting power equipment to Russia and to other countries. Therefore, my questions are: Are the

†The question was actually asked on the floor of the House by Shri Krishna Kumar Birla.